

E-002/D-90-184 & E-002/GR-89-865 ESTABLISHING COMMENT PERIOD REGARDING
DECOMMISSIONING COST STUDY

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Darrel L. Peterson	Chair
Cynthia A. Kitlinski	Commissioner
Norma McKanna	Commissioner
Robert J. O'Keefe	Commissioner
Patrice Vick	Commissioner

In the Matter of the Petition of Northern States Power for Depreciation Certification for Expected Decommissioning Costs for the Monticello and Prairie Island Nuclear Steam Generating Facilities

ISSUE DATE: June 15, 1990

DOCKET NO. E-002/D-90-184

In the Matter of the Petition of Northern States Power Company for Authority to Increase Electric Service Rates in Minnesota

DOCKET NO. E-002/GR-89-865

ORDER ESTABLISHING COMMENT
P E R I O D R E G A R D I N G
DECOMMISSIONING COST STUDY

PROCEDURAL HISTORY

On October 27, 1987, the Commission approved Northern States Power Company's (NSP or the Company) second decommissioning cost study (1986 Decommissioning Cost Study) regarding its three nuclear power plants located in Monticello and Prairie Island, Minnesota. In addition, the Commission increased the frequency of these studies, directing the Company to file its next complete cost study within three years (on or before May 1, 1990) rather than every five years as previously ordered.¹ In the Matter of the Petition of Northern States Power Company for Depreciation Certification for Expected Decommissioning Costs for the Monticello and Prairie Island Nuclear Steam Generating Facilities, Docket No. E-002/GR-89-865, FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER (October 27, 1987).

¹ On February 26, 1981, the Commission required an annual review of the Company's decommissioning plan and, every five years, a complete review including an engineering cost study of decommissioning. In the Matter of Northern States Power Company for Depreciation Certification for Expected Costs for the Monticello and Prairie Island Nuclear Steam Generating Facilities, Docket No. E-002/D-79-956, FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER (February 26, 1981).

On March 20, 1990, the Company filed a decommissioning cost study for the Prairie Island and Monticello nuclear generating plants (1990 Decommissioning Cost Study).² The study also addressed the Company's annual review of financial parameters. The Company requested that the Commission approve changes in its depreciation rates for the nuclear plants based on its study. Docket No. E-002/D-90-184.

On June 4, 1990, the Commission met to consider this matter.

FINDINGS AND CONCLUSIONS

Based on its 1990 Decommissioning Cost Study, the Company proposes:

1. to set the accrual for the last five months of 1990 at \$3,137,914 per month; and
2. to set the monthly accrual for 1991 at \$3,166,644.

In the normal course of Docket No. E-002/D-90-184 leading to the Commission's determination to approve or disapprove the Company's study and petition, the Commission will receive and review comments from any interested party and a report of investigation and recommendation from the Minnesota Department of Public Service. The Department's review of the 1990 Study is currently on-going.

Relationship to the Company's Pending General Rate Case: Docket No. E-002/GR-89-865

Decommissioning cost studies can provide information which is directly relevant to the Commission's determination of what are just and reasonable rates as required by Minn. Stat. § 216B.03. For example, the 1986 Decommissioning Cost Study is currently the basis for the expense amount in the present rate case.

The Commission has previously noted the desirability of basing rates on the most accurate and current cost information available. In its October 27, 1987 Order, the Commission noted that it was important to track changes in decommissioning costs because more frequent cost reviews would permit earlier inclusion in rates, resulting in more fair and accurate matching of cost recovery for customers who receive benefits from the generating

² The term "1990 Decommissioning Cost Study" as used in this Order refers to the Company's entire March 20, 1990 filing which consisted of three documents. The three documents are separately entitled as follows: "Decommissioning Cost Study for the Monticello Nuclear Generating Plant," "Decommissioning Cost Study for the Prairie Island Nuclear Generating Plant," and "1990 Review of Nuclear Plant Decommissioning".

facilities. In the Matter of the Petition of Northern States Power Company for Depreciation Certification for Expected Decommissioning Costs for the Monticello and Prairie Island Nuclear Steam Generating Facilities, E-002/D-86-604, FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER (October 27, 1987) at page 3.

To promote the availability of up to date cost information, the Commission in its 1987 Order directed the Company to increase the frequency of its cost studies from every five years to every three years to permit tracking of potential changes in costs more effectively. *Id.* at page 3.

The Commission is of the opinion that it may be desirable that the 1990 Cost Study be made a part of the record of the general rate case if it feasibly can be done within the time remaining in that docket.³ The Commission is concerned whether the study can be analyzed within the time constraints of the general rate case (Docket No. E-002/GR-89-865) and whether this study will provide useful information to the Commission in that case.⁴ The Commission is also aware of the rights of the parties in the rate case to examine and contest all evidence that the Commission will take into account in making its decisions in the rate case.

Comments Requested

The Commission will invite the parties to file comments within 21 days of the date of this order regarding the desirability and feasibility of including facts contained in and discovered in connection with the 1990 Study in the record of the Company's general rate case, either through official notice pursuant to Minn. Stat. § 14.60, Subd.4 (1988) or other means. Comments should include a proposed timetable for resolution of these matters within the time-frame of the rate case.

Further Commission Action

Following receipt and review of the parties' comments, the Commission may decide to take official notice of facts related to the 1990 Study. If it decides to do so, the Commission would then issue an order formally notifying the parties of the specific facts officially noticed and providing the parties an opportunity to contest those facts, as required by Minn. Stat. § 14.60, Subd. 4 (1988).

³ On November 2, 1989, the Company filed a petition seeking a general rate increase of \$120,782,000, or 10.2%, effective January 1, 1990. The ten-month period for deciding the case ends on September 4, 1990.

⁴ On the face of it, the annual decommissioning cost figures in the Company's 1990 Decommissioning Cost Study (approximately \$38 million) are lower than those proposed by the Company in the pending rate case (approximately \$42 million), which are based upon the 1986 Study. It appears, initially, that using the figures from the 1990 Study could result in lower rates.

Parties, therefore, are invited to include with the comments filed within 21 days of the issue date of this order comments regarding what additional process the parties believe is required to contest the facts officially noticed.

ORDER

1. Within 21 days of the issue date of this Order, any party may file comments regarding the desirability and feasibility of including the facts contained in the Company's 1990 Decommissioning Cost Study for the Prairie Island and Monticello nuclear generating plants, filed with the Commission on March 20, 1990 in Docket No. E-002/D-90-184 in the record of the Company's general rate case, Docket No. E-002/GR-89-865, through stipulation of the parties, official notice, or otherwise.
2. Within 21 days of the issue date of this Order, any party may file comments regarding what additional process, if any, is required by Minn. Stat. § 14.40, Subd. 4 (1988) in the event that the Commission decides, following receipt of comments authorized in Ordering Paragraph 1, to take official notice of facts contained in the Company's 1990 Decommissioning Study to permit parties to contest the facts so noticed.
3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster
Executive Secretary

(S E A L)